

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

AMERICAN RE-INSURANCE COMPANY;
AMERICAN UNITED LIFE INSURANCE
COMPANY; DORINCO REINSURANCE
COMPANY; FIRST ALLMERICA FINANCIAL
LIFE INSURANCE COMPANY; GUARDIAN LIFE
INSURANCE COMPANY OF AMERICA;
HARTFORD LIFE INSURANCE COMPANY;
HOUSTON CASUALTY COMPANY; JOHN
HANCOCK LIFE INSURANCE COMPANY
(U.S.A.); INSURANCE CORPORATION OF
HANNOVER; MONUMENTAL LIFE INSURANCE
COMPANY; PAN AMERICAN LIFE INSURANCE
COMPANY; PHOENIX LIFE INSURANCE
COMPANY; RELIANCE STANDARD LIFE
INSURANCE COMPANY; RELIASTAR LIFE
INSURANCE COMPANY; SUN LIFE
ASSURANCE COMPANY OF CANADA;
SWISS RE LIFE & HEALTH AMERICA; AND
TRANSAMERICA OCCIDENTAL LIFE
INSURANCE COMPANY,

Plaintiffs,

v.

AMERICAN INTERNATIONAL GROUP INC.
and TRENWICK AMERICA REINSURANCE
CORPORATION,

Defendants

Civil Action No. 05-11840-MLW

**JOINT REPORT ON STATUS OF SETTLEMENT
(PER COURT'S ORDER OF APRIL 22, 2007)**

The Court's Order of April 22, 2007 requires plaintiffs and defendant Trenwick America Reinsurance Corporation ("Trenwick") to report by May 18, 2007 on the status of their settlement negotiations. Pursuant to the Court's Order, plaintiffs and Trenwick report that they have been unable to finalize a settlement, because they have been unable to agree on the terms of Trenwick's cooperation in the event that Reliance National Insurance Company ("Reliance

National”) refuses to settle with Plaintiffs on acceptable terms.

Reliance National, which is in liquidation in Pennsylvania, has indicated its intention to seek the collection of retrocessional recoveries (arising from the original commutation signed by American International Group, Inc. and Trenwick that has been the subject of this litigation) from certain Plaintiffs. Plaintiffs have discussed settlement terms with Reliance National. Settlement would moot the issue of Trenwick’s cooperation. Although an agreement in principal regarding terms of that settlement has been agreed between Plaintiffs and Reliance National, that agreement is contingent on (1) the finalization of a separate settlement between Reliance National and Trenwick impacting Reliance National's cession and (2) the final approval of any settlement involving Reliance National by a court and/or the Insurance Department Pennsylvania. Once the required approvals are obtained, plaintiffs and Trenwick would be in a position to proceed with their settlement.

In light of this development, the parties jointly request that the Court continue to stay this case as to Trenwick and further suggest that the parties report back on the status of plaintiffs’ negotiations with Trenwick in ninety (90) days.

AMERICAN REINSURANCE COMPANY,
ET AL.

By their attorneys,

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CERTIFICATE OF SERVICE

I hereby certify that I caused a true copy of the above document to be served upon the attorney of record for each other party by electronic means on May 17, 2007.

/s/ Anne Robbins